

# OSDBU UPDATE

Department of Veterans Affairs

September 1998

## Notes from Scott

During the week of September 20<sup>th</sup>, VA, along with the entire Federal Government, celebrated Minority Enterprise Development (MED) Week. Designated by every President since 1983, MED Week is an annual national celebration in recognition of the contributions made by minority business to the Nation's economy. There are over 2 million minority-owned businesses in the United States.

We in VA are justifiably proud of our partnerships with minority businesses nationwide. Congress has established a Governmentwide goal of five percent of procurements awarded to minority-owned small businesses. In FY 1997, VA more than doubled the Governmentwide goal. Over 10.6 percent of our total procurements of \$4.3 billion were awarded to minority-owned small businesses.

VA is committed to a fair and open procurement process where all firms have an opportunity to compete. It is in our best interest to do so, in order to provide the highest quality of care and service to our veterans. As one of the largest purchasers of goods and services in the Federal Government, VA has a tremendous impact on the local economies of the many communities where VA facilities are located. Dollars spent with the local small businesses provide jobs, taxes and involvement for the local community.

In this month's issue of OSDBU Update, you'll learn about a new program to further encourage contracting with minority firms. It's called the Small Disadvantaged Business Participation Program and it begins in October for sealed bid solicitations. You'll also learn about VISN 7's support for a Native American firm, Iroquois International Industries, and you'll learn about our new efforts in promoting opportunities through VA's subcontracting program. I also encourage you to seek a copy of the September 14 issue of Time Magazine and read the article entitled "Holding Their Own" which addresses the success of the minority business community in a time when the future of SBA's 8(a) Business Development Program was in doubt.

Enjoy the newsletter,

Scott Denniston

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**SMALL BUSINESS BUILDS  
AMERICA!**

## New Procurement Program Effective October 1998

### Small Disadvantaged Business (SDB) Participation Program

by Deborah Van Dover

This month, OSDBU Update will briefly address a new socio-economic program that will apply to *select* requirements beginning in October for sealed bidding. Next month, we will review the rules that will apply to negotiated requirements beginning in January. Federal Acquisition Regulation Circulars 97-06 and 97-07 provide detailed guidance on this program.

**Purpose:** This program will provide tools for contracting offices to use to encourage awards to Small Disadvantaged Businesses (SDBs) in industries where their participation rates are unusually low, as determined by the Department of Commerce.

#### Determining Applicability of the SDB Participation Program:

- Applies to competitive acquisitions above Simplified Acquisition Threshold.
- Exclusions: 8(a) requirements; small business set-asides; long distance telecommunications services; otherwise successful offers of eligible products under the Trade Agreements Act when the acquisition exceeds or equals the dollar threshold in FAR 25.402; otherwise successful offers where application of the factor is inconsistent with a MOU or other international agreement with a foreign government.

**Covered Industries:** Annually, the Department of Commerce (DOC) will make recommendations to the Administrator, OFPP, who will then publish a manual identifying the industry groups which the SDB Participation will include. The covered industries will be identified by two-digit Standard Industrial Classification (SIC) codes. The DOC notice will also identify the procurement mechanisms contracting officers will be permitted to use and the authorized price evaluation adjustment percentages for each SIC. SIC Codes published in the June 30, 1998 issue of the Federal

Register require a 10% price evaluation adjustment. <http://www.arnet.gov/References/References.html#OFPP> has online guidance.

**FY 1999 Procurement Mechanisms:** The DOC has authorized 3 mechanisms: (1) Price Evaluation Adjustment for Sealed Bidding; (2) Evaluation Factor or Subfactor for SDB Concerns and (3) Monetary Subcontracting Incentive Clause for SDB Concerns. This article will address the Price Evaluation Adjustment. The others will be reported next month. At a future date, the DOC may also recommend other mechanisms not identified in the FAR when the DOC identifies "substantial and persuasive evidence" of "persistent and significant underutilization of minority firms in a particular industry, attributable to past or present discrimination", and a "demonstrated incapacity to alleviate the problem by using" the FAR mechanisms.

#### Price Evaluation Adjustment for SDB Concerns:

- When evaluating offers, the Contracting Officer will add the price adjustment evaluation factor approved to all offers, *except* those from SDBs that have not waived the evaluation adjustment.
- If application of the factor will cause the award to be made at a price that exceeds fair market price by more than ten percent, the ***contracting officer shall not apply the factor.*** Contracting officers shall be guided by FAR 15.805-2 to determine fair market price.
- Other price adjustments (such as transportation costs) will be added before the SDB price evaluation factor is applied. This would include application of the HUB Zone Evaluation Factor when that program is implemented (see August 1998 OSDBU Update).

**Protests:** Challenges to SDB subcontractors shall follow FAR 19.703(a)(2) guidance. Challenges to SDB prime contractor status shall follow FAR 19.302 guidance. If the protest is filed with the CO, the package shall be forwarded to SBA for response. A contracting officer may proceed with award if delay would damage the Government. Otherwise, SBA will respond within 15 days. The decision may be appealed.

**Resource Assistance:** The Small Business Administration will certify and maintain a listing of small disadvantaged businesses in their PRO-NET

database (see August 1998 [OSDBU Update](#)). It may be accessed at <http://www.sba.gov>. Offerors may also self-represent their status in specific solicitations.

**Reports:** The Director, OSDBU will be responsible for determining whether the SDB price evaluation adjustment mechanism in FAR Part 19.11 "has caused a particular industry category to bear a disproportionate share of the contracts awarded by a contracting activity of the agency to achieve the contracting activity's goal for SDB concerns." Requests for such determinations may be submitted by any individual or business concern. If disproportionate impact is determined, the Director, OSDBU, shall forward to the DOC the following information: proposed corrective action; the affected SICs; dollars and percentages by the contracting activity under the affected SICs for the previous two fiscal years and the current fiscal year to date for total awards, awards to small businesses, awards to SDBs and awards to SDBs categorized as SDB price evaluation adjustment, 8(a), small business set-aside, and awards under other procedures. The information shall include a discussion of the pertinent findings, including any peculiarities related to the industry, regions, or demographics. If the DOC approves the request, the contracting activity "shall limit the use of the SDB mechanism in subpart 19.11."

**FPDS Status:** *Lisa Russell*, VA's FPDS Program Manager, is working with the Interagency FPDS Advisory Committee to develop FPDS input requirements for this new program. However, until such time as the FPDS is programmed to accept this data, heads of contracting activities will need to ensure that records are locally maintained in order to respond to program reporting requirements.



**SDB Participation Program SICs**

by Gail Wegner

Deborah VanDover mentioned that the Department of Commerce printed the listing of applicable Standard Industrial Classification codes in the **June 30 Federal Register** on pages 35714-35718. However, the construction SICs in Groups 15, 16 & 17 list geographic regions, such as East North Central, but do not give a detailed listing of the applicable areas. Here they are:

- East North Central:  
IL, IN, MI, OH, WI
- East South Central:  
AL, KY, MS, TN
- Middle Atlantic:  
NJ, NY, PA
- Mountain:  
AZ, CO, ID, MT, NV, NM, UT, WY
- New England:  
CT, ME, MA, NH, RI, VT
- Pacific:  
AK, CA, Guam, HI, OR, WA
- South Atlantic:  
DE, DC, FL, GA, MD, NC, PR, SC, VI, VA, WV
- West North Central:  
IA, KS, MN, MO, NE, ND, SD
- West South Central:  
AR, LA, OK, TX

We will also post the applicable SICs and the geographic regions on our home page.



**Spotlight on: Heads of VA Contracting Activities:**

(Note: these duties may be concurrently performed by the Facility Competition Advocate)

by Gail Wegner

In last month's issue, we addressed the duties of VA's Small Business Specialists, the front-line troops in VA's campaign to improve small business program support. This month, we spotlight the duties of the Heads of Contracting Activities (HCA). The HCA:

- Ensures compliance with the Federal Acquisition Regulation and the Veterans Affairs Acquisition Regulation.
- Ensures any individual designated as the Small Business Specialist possesses the business acumen, knowledge of acquisition policies and procedures, training and background to carry out the facility's small business program.
- Monitors achievement toward established goals through input into the Federal Procurement Data System and through manual reports of purchase card activity.

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## by Gail Wegner

VA OSD/BSU staff monitor Commerce Business Daily notices. One trend we have observed is the use of phrases such as "Only a limited number of solicitations are available on a first come, first served basis." While FAR Part 5.102(a)(3) permits use of this phrase, FAR 5.102(a)(4)(i) requires that if a *small business concern* makes a request, a copy of the solicitation and specifications must be provided, as required by 15 U.S.C. 637(b). Copies may be provided electronically if the solicitation was disseminated through EDI. Therefore, you may deny requests from other than small businesses once supply has been exhausted, but you must provide a copy to a small business concern.

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## Subcontracting Program News

by Gail Wegner

On August 31, **Fernando Tapia** reported to OSDBU. He is an intern with the Hispanic Association of Colleges and Universities and will be working during the Fall academic term on VA OSDBU's Subcontracting Program Improvement Project. Mr. Tapia will create a database of subcontracting plans and report accomplishments, which we hope to put on our web site. This will help you in evaluating proposed plans to see how they align with similar plans from other firms in the industry. He will also be working to acquire prime contractor supplier diversity program materials as part of VA OSDBU's outreach efforts to the small, small disadvantaged and women-owned small business communities.

Don't forget, **September 30** is the end of the annual reporting cycle for subcontracts. Prime contractors have until October 30 to file their SF 295, Summary Subcontract Report. All plans, individual and commercial, must have a SF 295 filed. The other report date to remember is for the SF 294, Subcontracting Report for Individual Contracts. This is required only for individual plans. It is also done in October, for actions from April 1 through September 30. SF 294s are filed twice a year. The report is due April 30 for actions taken between October 1 and March 31.

Did you notice that **FAC #97-05** dated August 21 changed subcontracting plan content and review rules? This change actually reinstates information we previously collected, but which was deleted when commercial plans were first introduced. OSDBU's Subcontracting Program Manager, **Lynette Simmons**, has developed a checklist, which we will include in next month's OSDBU Update.

## Market Research Tools

by Jim Dunning

### Past Performance

Need help in how to go about using past performance in evaluating offers? The Federal Acquisition Virtual Library may be your primary source for information, Procurement Policy Letters, or best practices guides for past. Built in conjunction with the Interagency Acquisition Internet Council (IAIC), Virtual Library Team, ARNET's Federal Acquisition Virtual Library

provides links to numerous resources on the World Wide Web ([www.arnet.gov/References/References.html](http://www.arnet.gov/References/References.html)).

Office of Federal Procurement Policy Letter 92-5 Past Performance Information establishes requirements for evaluating contractor performance and for using past performance information in the contractor selection process. As an adjunct to that policy letter an OFPP Guide to Best Practices for Past Performance was published in May 1995. Both the original policy letter and the best practices guide are available on the web site.

In addition, copies of the December 18, 1996 OFPP Memorandum - Temporary Suspension of Past Performance Implementation Thresholds and the January 27, 1997 OFPP Memorandum - Final Report on Past Performance Pledge Program are available at the site. Also included are links to the American Bar Association's survey of past performance and the interim results of the survey.

These information sources coupled with the FAR sites should help explain your responsibilities in utilizing past performance in evaluating proposals. Additional links to acquisition related sites are available from the OSDBU home page ([www.va.gov/osdbu/](http://www.va.gov/osdbu/)).

## FPDS Corner

by Lisa Russell

Do the VISN funding activities have you confused about who reports what into FPDS? The key thing to remember is that FPDS is interested in the office that did the new definitive contract or placed the delivery or task order under someone else's contract. It does not care in the least who funded it. So, if your contracting activity is awarding a consolidated new definitive contract, i.e., you know precisely how much it is at the time of award, then your contracting activity reports the entire amount under your contracting office code, including the amount for the other stations. On the other hand, if you award an IDIQ contract and another station places a task or delivery order against it, then the station placing the task or delivery order reports it under their contracting office code. Task and delivery orders include calls placed against that contract that utilize a 1358.

And if you awarded the IDIQ, it is your responsibility to provide the users of that contract with the FPDS data for the contract.

## DEMO PROGRAM

### EMERGING SMALL BUSINESS SET-ASIDES

by Sherra Berutto

Architectural and Engineering (AE) Services is one of the Designated Industry Groups (DIGs) under the Demo Program. The DIGs were established to test unrestricted competition. Therefore AE services are to be obtained through full and open competition except those at \$50,000 or less which are to be emerging small business set-asides. An Emerging Small Business is a small business concern whose size is no greater than 50 percent of the numerical size standard applicable to the SIC assigned to a contracting opportunity. During our reviews of the CBD, we have not seen many emerging SBSA's in the AE notices. When submitting FPDS reports on emerging SBSA's, make sure card 4, card columns 77-80, reflect the proper information. If you have any questions, please call me at (202) 565-8130.

### VA Central Arkansas Veterans Healthcare System

by Lisa Russell

The VA Central Arkansas Veterans Healthcare System in Little Rock, AR likes to take a proactive lead in the local community in support of small businesses and demonstrates this by participating in community activities for small businesses. They recently participated in an annual Vendor Fair cosponsored by the Little Rock Air Force Base and the National Contract Management Association local chapter. They also were invited and presented information at a small business workshop sponsored by the Chamber of Commerce and the Arkansas Procurement Assistance Center, University of Arkansas, on how to do business with the Department of Veterans Affairs. The workshop was well attended with approximately 200 attendees.

## A VA Success Story

by Jim Dunning

**Robert Snow**, Network Acquisition Manager for the Atlanta Network (VISN 7) has negotiated a Blanket Purchase Agreement with Iroquois International Industries for information technology (IT) products and services. Iroquois is a Native American, minority, women owned, disabled Vietnam era veteran owned small information technology business. Teamed with Iroquois are Lucent Technology, Bell Atlantic, Bay Networks, and ACT Corporation. Work performed under this BPA includes all hardware, software, software development, programming, supplies & services for the installation, integration, analysis, design, training, development and maintenance of the user systems. With the cancellation of the Procurement of Automated Information Resources (PAIRS) initiative at VA Central Office, VISNs are increasingly awarding their own contracts for IT products and services. This BPA is available for use by VA organizations outside of VISN 7.

By negotiating their own BPAs with GSA schedule companies, contracting officers provide quick access to products and services they need, while avoiding long procurement lead times and protests. This is an excellent method for bolstering socioeconomic goal accomplishments.

Customer Service is an important element in Government Procurement. Use of the BPA with Iroquois International provides Customer Service for both Informatics customers as well as Customer Service for the VA Contracting Officer or Purchasing Agent. Iroquois will identify FSS Contract sources for information technology requirements which saves the time and resources of the procurement staff. For additional information on using the BPA contact **Robert Snow** at (706) 481-6739.

Send us your contract activity highlight!!

## Kudos to VISN 21 and Marci Bell at VA Palo Alto Health Care System

by Sherra Berutto

An innovative method for the reporting of credit card expenditures information was recently developed by **Marci Bell** at VA Palo Alto Health Care System (VAPAHCS). This technique was developed by the creation of a search template which retrieves by date, vendor, purchase order number, business size, socioeconomic group and total amount. The information is captured into a single report which can then be used as a source document for socioeconomic goals reporting, thereby saving time and ensuring all data is reported. Socioeconomic goal accomplishments for VAPAHCS in FY 97 increased by \$12 million using this new reporting mechanism.

Another technique being utilized by **Ms. Bell** is called the Quarterly Prosthetics 1358 List. This report captures information directly from the Prosthetics 1358 file including date, vendor, business size, socioeconomic group, contract number and total amount. This information is then reported on the Under 25K (#118 Report). One advantage to this report is the line item count is included in the report, which increases the total work load status. The Prosthetics Report also includes contract numbers and is another method of capturing usage of stations contracts.

If you'd like more information, Marci's phone number is 925-447-2560 x36165.

## GLAC Conference Support

by Deborah Van Dover

Much appreciation must be given to members of the Contracting Staff of the Great Lakes Acquisition Center (GLAC) who have been called upon numerous times to represent VA at various trade fairs, small business conferences, seminars and related outreach events. At these events, they staff an agency booth, conducting one-on-one counseling sessions with small business concerns, and provide valuable information relative to how and what VA buys with a special emphasis on the Illinois-Wisconsin areas. In the recent past, they have participated in the National Indian Business Association (NIBA) conference in Green

Bay, Wisconsin; the recent legislative update seminar conducted by SBA's Chicago District Office; Dane County's Small Business Conference; and the Governor's Conference on Small Businesses. Personnel who have provided us with superior support **Mick Boschaert, Tom Cooper, Michael Cunningham** and **Willie Murray**.

These events are a very valuable resource to our small business community; allowing them to meet VA personnel and to be afforded the opportunity to learn about our procurement process. As the OSDBU office is not capable of attending each event of this type nationwide, it is imperative we have the support and assistance of contracting activities. The GLAC has demonstrated great support and continue to provide us with this assistance on an as-needed basis.



## Outreach News

by Gail Wegner

### Veterans Task Force for Entrepreneurship

The Small Business Administration's Office of Veterans Affairs has created a task force to provide SBA with advice and recommendations on ways the SBA can improve service to the veteran-owned small business community. **Scott Denniston**, OSDBU Director, and **Julius Williams**, VA's Director of Vocational Rehabilitation and Counseling Service, have been invited to participate. The group's report is expected in early November.

### Veterans Mean Business Conferences

OSDBU's Veterans Outreach Coordinators have been busy rolling out our new Veterans Mean Business program. Two conferences were held within the last month, in Columbus, OH, and in Honolulu, HI. These conferences include diverse representation from offices which assist veterans in local, state and Federal agencies, as well as private sources of aid. Additionally, **Ilene Waggoner** addressed the National Economic Commission at the Eightieth Annual National Convention of the American Legion in New Orleans. Remarks included success stories from the first year of the program and plans for FY 1999.

The NBCC convened its 6<sup>th</sup> annual convention in Baltimore recently. The mission of the NBCC is to promote the development of black entrepreneurship and economic development. More than 800 participants attended. ***Ramsey Alexander*** represented VA. The NBCC has encouraged its chapters to implement a local Memorandum of Understanding (MOU) with applicable SBA District Offices. Part of this MOU encourages sponsorship of half-day workshops with SBA, NBCC, Small Business Development Center and Service Corps of Retired Executive representatives serving as faculty to inform local businesses about Federal sources of assistance. Participation by local financing institutions is key to the success of these seminars. If you are invited to participate by your area SBA office, please keep OSDBU informed.

The Department of Veterans Affairs was invited by Senator Sarbanes' staff to participate in a 2-day trade conference held in Cumberland, Maryland. ***Derek Underwood*** from VISN 5 (Baltimore) volunteered to counsel the participating vendors about VA's mission, its recurring requirements and common purchasing and contracting methods. ***Derek*** is an experienced business counselor who has staffed several trade fairs for VA. Unlike most trade fairs which are held in major metropolitan areas, this conference focused on the needs of vendors in more remote communities, presenting ***Derek*** with counseling challenges in identifying trade opportunities for this business group. Thanks for your "can do" spirit, ***Derek***!



### VA Access Conference Presentation:

which can be presented at your location. OSDBU pays for the Lisa's travel. All you need to do is arrange for participants and classroom logistics.

In addition to his OSDBU responsibilities, ***Ramsey Alexander*** has volunteered to chair VA Central Office's Blacks in Government (BIG) Chapter. The annual national training conference was held August 24-28 in Washington, D.C. Over 5,000 participants attended. ***Ramsey*** led the forum entitled "Strategies for Moving EEO Into the 21<sup>st</sup> Century," and was a panel member on the "President's Initiative on Race" roundtable.

- SDB Participation – Negotiations
- The 1999 Business Forecast Process
- Impact of PL 95-507
- PCR Responsibilities

[www.va.gov/osdbu](http://www.va.gov/osdbu)